Appendix A: Monthly Update on the "Local Assurances" Program in Support of the Student Financial Aid High Impact Federal Programs

MEMORANDUM

TO: Lorenzo Rasetti
               Office of Management and Budget

FROM: Bob Davidson, Director
               Year 2000 Project Management Team
               U.S. Department of Education

SUBJECT: Assuring the Year 2000 Readiness of High Impact Federal Programs

This memorandum is in response to your request for a monthly update on the schedule of key activities in the Education Department's strategy to assure its customers and the general public, that our student aid programs are year 2000 ready.

The Department's strategy includes testing data exchanges with its trading partners, developing complementary business continuity and contingency plans with our partners and sharing key information on Y2K readiness with our partners and the public. Listed below is an updated schedule of activities associated with the Department's strategy to assure the public that the high-impact student aid programs will work.

Testing Data Exchanges with Trading Partners

The Department's data exchange testing strategy is based on two independent but complementary test plans that will provide evidence that student aid delivery systems are prepared to function as designed in the year 2000. The two planned tests are:

1. Year 2000 School and Trading Partner Testing. This testing is intended to verify the Y2K compliance of data exchanges with the approximately 6,500 postsecondary schools and/or other trading partners (e.g., third party servicers, guaranty agencies, state education offices, etc.). The testing schedule includes the following windows:

Systems and External Trading Partners	1st Testing Window		2nd Testing Window	
	Begin	Finish	Begin	Finish

National Student Loan Data System (NSLDS)
   Clearinghouse
   Schools
   Guaranty Agencies
	04/12/1999	05/21/1999	07/12/1999	08/31/1999

Central Processing System (CPS) Schools	06/01/1999	07/12/1999	08/09/1999	09/20/1999
Direct Loan Origination System (DLOS) Schools	04/12/1999	05/21/1999	07/12/1999	08/20/1999
Pell Grants System Schools	06/21/1999	07/23/1999	07/12/1999	08/20/1999

As of this report, 46 of 121 schools attempting the tests have been fully successful. Additional testing windows for schools are being considered to begin later this Fall. In this way the Department's data exchanges school testing program will be available when schools complete their Y2K renovations and are ready to test.

2. Year 2000 End-to-End Testing. This testing is intended to validate the business processes that support the delivery of student aid program services. It includes systems not only internal to the Department but also those of other agencies that support student aid delivery external to the Department. The testing schedule is as follows:

Test Phase Description	Phase Start	Phase Finish
FFEL Lender Invoice and Disbursement Process	01/23/1999	03/02/1999
Guaranty Agency & Disbursement Process	01/23/1999	03/10/1999
Student Application Process	11/10/1998	02/05/1999
NSLDS Testing	11/10/1998	06/30/1999
CBS Testing	10/07/1998	03/18/1999
Pell Disbursement Testing	02/01/1999	06/30/1999
DLOS Exchange Testing	11/09/1998	05/21/1999
Direct Loan Repayment Process Testing	03/27/1998	03/19/1999
Data-Provider Software Testing	06/01/1998	02/05/1999

Developing Complementary Business Continuity and Contingency Plans

The Department has developed initial business continuity and contingency plans for each of the eight student aid business processes. The plans were developed with input from the external student aid community (e.g., schools, lenders, guaranty agencies, secondary markets, etc.). Updated drafts were submitted to OMB on June 15. They will be refined over the next several months based on comments and OMB input. To facilitate public comment, the plans are posted on the Department's Y2K web site. Listed below is a schedule of events for the business continuity and contingency planning process:

Event	Timeframe	Status
• Solicit initial comments from the postsecondary community	November 1998	Completed
• Hold focus group meetings on business continuity and contingency plans with the student aid community	February 1999	Completed
• Post the initial announcement of the project on the Department's web site	February 1999	Completed
• Post the student aid report on the eight business processes, including contingency plan "high level" options to the Department's website	March 1999	Completed
• Complete the initial business continuity and contingency plans	March 1999	Completed
• Participate in Texas Guaranty Student Loan Corp. Forum	March 1999	Completed
• Participate in the Direct Loan Annual Conference	March 1999	Completed
• Participate in Western Association of Student Financial Aid Administrators events	April 1999	Completed
• Participate in Virginia Association of Student Financial Aid Administrators events	April 1999	Completed
• Participate in conference of National Association of College and University Business Officers (NACUBO)	April 1999	Completed
• Post "updated" contingency plans to the Department's website	May 1999	Completed
• Participate in student loan industry Y2K	June 1999	Completed

Contingency Planning Conference hosted
by Student Loan Marketing Association

- Participate in National Association of
  Student Financial Aid Administrators
  conference events
        July 1999   Completed

- Participate in Third-Party Servicer
  Conference
        August 1999   Planned

Sharing Key Information on Y2K Readiness with Customers and the Public

The Department has conducted a number of activities to share key information on Y2K readiness with its customers and the public. These activities will continue throughout 1999. Below is a partial listing of these activities:

Event	**Date**	Status
Conduct a survey of community colleges' Y2K readiness and post results on the Department's website	Summer 1998	Completed
Conduct survey of 1500 Direct Loan Program schools on their Y2K readiness and post results on Department's website	Summer 1998	Completed
Post the status of the Department's Y2K renovation effort on its website	Quarterly 1998-1999	Ongoing
Distribute the "Year 2000 Readiness Kit-- A Compilation of Y2K Resources for Schools, Colleges, & Universities"	November 1998	Completed
Hold a national satellite teleconference for schools, colleges, & universities on meeting the Y2K computer challenge	December 1998	Completed
Hold Y2K focus group/workshop for Hispanic Serving institutions	April 1999	Completed
Conduct Y2K readiness survey of all 6,500 postsecondary institutions	May 1999	Completed
Hold Y2K focus group/workshop in New Orleans for HBCUs	June 1999	Completed
Hold Y2K focus group/ workshop in San	June 1999	Completed

Antonio for Hispanic Serving Institutions

• Issue press release on results of the Postsecondary education Y2K readiness survey and post results on the Department's website	August 1999	Planned
• Conduct Y2K readiness reviews of guaranty agencies and third party servicers	Summer 1999	Underway
• Send Dear Colleague Letter from Chief Operating Officer, Office of Student Financial Assistance, to postsecondary community regarding testing and contingency plans	July 1999	Completed
• Meet with Presidents of HBCUs	July 1999	Completed
• Send Dear Colleague Letter from Deputy Secretary to student financial aid administrators regarding survey results, data exchange testing and contingency plans	July 1999	Completed
• Hold Y2K focus group in Bismarck, ND, for Tribally-controlled colleges and universities	July 1999	Completed
• Hold Y2K focus group in Denver for Hispanic Serving Institutions	July 1999	Completed
• Hold Y2K focus group in Albuquerque for Hispanic Serving Institutions	July 1999	Completed
• Hold Y2K focus group in Polsum, MT for Tribally-controlled colleges and universities	August 1999	Completed
• Hold Y2K focus group in Atlanta for HBCUs	August 1999	Completed
• Hold Y2K focus group in New York for large private and public Eastern institutions	August 1999	Planned
• Hold Y2K focus group in Ponce, PR, for Hispanic Serving Institutions	August 1999	Planned
• Send Dear Colleague Letter from Sec Riley to Presidents and Chancellors of all postsecondary institutions on survey	August 1999	Completed

results & need for exchange testing

- Hold Y2K focus group in Washington, DC, for a cross-section of postsecondary institutions   September 1999   Planned

- Hold Y2K focus group in Minneapolis   September 1999   Planned

- Hold media event to demonstrate the readiness of the Department's student aid application system   August 1999   Planned

- Conduct follow-up survey on Y2K readiness with postsecondary institutions and publicize results   Fall 1999   Planned

The August media event will involve a demonstration of the Y2K readiness of our electronic student aid application system by producing a video news release (VNR) that can be carried by local television studios throughout the country. The VNR is to assure the public that student financial aid services, a high impact federal program, will not experience disruptions due to the Y2K bug. The video will not only promote the readiness of the Department's systems but will highlight the Y2K work that has been done at the local colleges, universities, and trade schools throughout the country. Further, the video will demonstrate that the interfaces between the Department and the local school, which is essential to a student receiving his/her aid, will not be disturbed due to the millennium bug. This video will also help promote the importance of postsecondary institutions to conduct data exchange testing with the Department. The VNR will be comprised of 15-20 second sound bites of several personalities from the education community, each of whom will discuss a different aspect of the Y2K issue. Included on the video will be a demonstration of a postsecondary institution (and student) participating in a live test with the Department. The VNR is scheduled to coincide with the start of the academic year later this month.

The Department will continue to participate in national and regional conferences on testing of data exchanges, developing business continuity and contingency plans, and sharing information on Y2K readiness. In all of these public activities, we will emphasize the Y2K readiness of the Department's systems and those of our trading partners.

The Department will provide you with our next monthly status report detailing progress on these activities by September 15. Meanwhile, if you have any questions or need additional information on this matter please do not hesitate to call me on 205-5263 or Dave Dexter on 401-0197.